

**MINUTES OF THE  
INDIVIDUAL INCOME TAX AND CORPORATE FRANCHISE  
AND INCOME TAX TASK FORCE**

Monday, July 12, 2004 – 1:00 p.m. – Room W135 House Building

**Members Present:**

Sen. Lyle W. Hillyard, Senate Chair  
Rep. Wayne A. Harper, House Chair  
Sen. Ron Allen  
Sen. Gregory Bell  
Sen. John W. Hickman  
Rep. Stephen Clark  
Rep. James Dunnigan  
Rep. Gregory Hughes  
Rep. Patricia Jones  
Rep. LaWanna "Lou" Shurtliff  
Mr. Gayle Anger

**Members Absent:**

Sen. Karen Hale  
Rep. Carol Spackman Moss  
Comm. Marc Johnson  
Mr. Bruce Olson  
Mr. Larry Newton  
Mr. Joe Zeidner

**Staff Present:**

Mr. Bryant R. Howe, Assistant Director  
Ms. Rebecca L. Rockwell, Associate General Counsel  
Mr. Thomas R. Vaughn, Associate General Counsel  
Mr. Phil Dean, Policy Analyst  
Ms. Phalin L. Flowers, Legislative Secretary

**Note:** A list of others present and a copy of materials can be found at <http://www.le.state.gov> or by contacting the task force secretary, Phalin Flowers, at 538-1032.

**1. Task Force Business**

Chair Harper called the meeting to order at 1:10 p.m.

**MOTION:** Sen. Hickman moved to approve the minutes of the June 14, 2004 meeting. The motion passed unanimously with Sen. Allen and Rep. Clark absent for the vote.

Mr. Phil Dean, Office of Legislative Research and General Counsel, was introduced as a new policy analyst to the task force.

**2. Corporate Franchise and Income Taxes**

Ms. Sarah Wilhelm, Utah Issues, distributed and discussed "Testimony by Sarah Wilhelm, Utah Issues," "Summary of Testimony to Individual Income Tax and Corporate Franchise and Income Tax Task Force," "Rethinking Growth Strategies," and "The 'Single Sales Factor' Formula for State Corporate Taxes – A Boon to Economic Development or a Costly Giveaway?"

Mr. Richard Gorely, Utah Association of Certified Public Accountants, distributed and discussed "Testimony by Richard Gorely."

Mr. Howe distributed and discussed "Principles for the Utah Corporate Income Tax System,"

Mr. Dean distributed and discussed "Legislative Options – Corporate Franchise and Income Taxes."

Mr. Tom Williams, Utah State Tax Commission, spoke to the Task Force regarding the state corporate income tax.

Sen. Allen said that the state policy of being linked to the federal corporate income tax system is problematic in some instances. For example, changes to federal corporate income tax law affect state corporate income tax revenues.

Rep. Jones said that the Task Force should remember that all revenues from the state corporate income tax are used to fund public and higher education.

Rep. Hughes said that the state corporate income tax is a volatile revenue source and that a more dependable source of revenue is needed.

Sen. Bell said that there are two reasons for the state corporate income tax: to cover the direct cost of services and to help pay for general government services. He said that for the long term, the state corporate income tax is not a stable, viable tax.

Sen. Hillyard said that the Task Force should consider whether the state corporate income tax system is fair. He also suggested that the Task Force examine the minimum tax.

Mr. Anger spoke against imposing a minimum tax on other types of firms, such as limited liability companies.

Rep. Hughes said that he supports the concept of eventually eliminating the state corporate income tax. The revenues would be recouped from general economic growth spurred by eliminating the tax.

Sen. Hillyard suggested that the Task Force should invite those whom support elimination of the state corporate income tax to speak to the Task Force.

**MOTION:** Mr. Anger moved to adopt Rep. Harper's suggestion of having staff contact all Task Force members to collect their viewpoints on the legislative options, determine the revenue effects of each option, and then vote on what issues members want discuss at the next meeting. The motion passed unanimously with Sen. Allen and Rep. Clark absent for the vote.

### **3. Other Items / Adjourn**

**MOTION:** Sen. Hillyard moved to adjourn the meeting. The motion passed unanimously with Sen. Allen and Rep. Clark absent for the vote.

Chair Harper adjourned the meeting at 3:18 p.m.